



MINUTES

**California Film Commission Board Meeting
January 28, 2011
3:00 p.m. – 5:00 p.m.
SAG Conference Room
5757 Wilshire Blvd.
Los Angeles, California**

COMMISSIONERS IN ATTENDANCE

Hilary Armstrong
Fred Baron
Steve Dayan
Wendy Greuel
Lindy DeKoven
Janet Knutsen
Aaron McLearn
Mike Miller
Howard Schwartz
Gary Tobey
Keith Weaver

EX-OFFICIOS/DESIGNEES IN ATTENDANCE

Jim Fitzpatrick, Deputy Director, California Film Commission
Amy Lemisch, Director, California Film Commission
Frank Quon, Deputy District Director, Dept. Of Transportation

GUESTS

Al Adams, State Fire Marshal's Office
Janice Arrington, O.C. Film Commission
Paul Ahrens, IATSE, Local 44
Paul Audley, FilmL.A.
Eva Bitar, City of L.A.
Sheri Davis, Inland Empire Film Commission
Erik Deutsch, Excel PR Group
Ed Duffy, Teamsters Local 399
Pauline East, Antelope Valley Film Commission
Jason Harton, Sunset Gower
Julianne Hines, Office of Assemblymember Portantino
Tony Hoffman, CA State Parks
Wendy Holt, AMPTP
Bob Jimenez, Office of Senator Ron Calderon
Sharon Jimenez, Bring Hollywood Home Foundation
Ilyanne Morden Kichaven, SAG
Anthony Portantino, State Assembly
Jethro Rothe-Kushel, PGA
Amanda Scarano Carter, PGA
Steven Seidel, Bring Hollywood Home Foundation
Sarah Walsh, MPAA

I. CALL TO ORDER and WELCOME; INTRODUCTION OF MEMBERS/GUESTS

Meeting began at 3:10 p.m. Vice Chairman Mike Miller introduced new board members Hilary Armstrong, Fred Baron, Lindy DeKoven, Aaron McLearn as well as Paul Rodriguez, in absentia.

II. APPROVAL OF MINUTES

Motion to approve the Minutes from July 30, 2010 was made and unanimously approved.

III. NOMINATING COMMITTEE - Janet Knutsen

Nominating Committee member Janet Knutsen presented the committee's recommendations for Officers of the Board. The Committee's nominations included:

Mike Miller for Chairperson; Keith Weaver for Vice Chair and Steve Dayan for Secretary.

IV. ELECTION OF OFFICERS - Mike Miller

Motion to approve the election of officers was made and unanimously approved.

V. DIRECTOR'S REPORT - Amy Lemisch

CFC Director Amy Lemisch reported on the state budget which included an agreement with the unions implementing one personal leave day per month, a 5% pay reduction to all state salaries and an additional 5% contribution towards retirement. The CFC operating budget is secure at its current funding through June 30. Funding for the 2011/12 fiscal year is unknown.

Ms. Lemisch reported on the CFC's outreach engagements and events since the last board meeting which included - the California On Location Awards; Milken Institute roundtable discussion with industry stakeholders; establishment of the Los Angeles – India Film Council; meeting with Senator Price along with members of the entertainment industry coalition; FilmL.A.'s launch of "Film Works" public education campaign; and a presentation to the San Luis Obispo Visitors and Conference Bureau economic development tourism conference.

Upcoming marketing events for 2011 include: CFC Annual Breakfast Reception at the Sofitel Hotel on April 1, 2011; California Location Trade Show on April 2, 2011; a possible screening in Sacramento in May; and the AFCE / Producers Guild Conference in June.

Ms. Lemisch shared a summary of recent press articles. Many of those articles reported on the increase in feature film production due to the incentive program projects.

Ms. Lemisch presented a progress report on the Film and TV Tax Credit Program. For the first year of the program (July 2009 – June 2010) \$200 million was available to allocate.

- \$176 million in tax credits was allocated to 70 projects.
- Estimated aggregate direct spending by the 70 projects is \$1.2 billion. That spending breaks down as follows: \$453 million in direct qualified wages (excludes any wages for actors, directors, writers and producers), \$430 million in qualified non-wage expenditures and \$346 million in non-qualified production expenditures (e.g. additional spending that does not qualify for tax credits).
- An estimated 18,200 crew and 4000 cast members have been or will be hired by the approved projects. (An additional 113,000 individuals were hired as "daily hires" - extras.)

Most productions are filming in L.A. County but productions have filmed, or are planning to film, in Alameda, Inyo, Kern, San Bernardino, San Diego, and San Francisco counties. Specifically, the Fox TV series *Terriers* shot a full season in San Diego, and the feature film, *Moneyball*, shot for 1 week in Oakland.

On June 1, 2010, the CFC began accepting applications for the 2011-12 fiscal year funds. Funds were available for allocation as of July 1, 2010. Seventy applications were received on June 1st and all \$100 million in available funds was exhausted on the first day.

- \$121 million in tax credits allocated to 43 projects.
- Estimated aggregate direct spending by the 43 projects is \$970 million. Over \$275 million is directly attributed to qualified wages (excludes any compensation for actors, directors, writers and producers) and \$315 million is in qualified non-wage expenditures. \$379 million is in non-qualified CA spend.

To date, \$300 million in tax credits have been allocated (reserved) resulting in:

- Total aggregate direct spending by Program projects: \$2.2 billion
- Total wages paid / to be paid by Program projects: \$728 million

Using the generic multipliers for motion picture and video industries in California, the broader economic impact of the Film and Television Tax Credit Program is:

- Total output (business revenues): \$6.5 billion
- Total Full Time Equivalent jobs generated by Program projects: 40,996
- Total earnings generated by Program projects: \$1.8 billion

Ms. Lemisch reported on the need for revisions to the program regulations and the public comment timelines. If approved by the board, the packet will be submitted to the Office of Administrative Law for adoption.

Director Lemisch introduced Nancy Rae Stone, Program Director of the California Film & TV Tax Credit Program to summarize the modifications to the Program Regulations, Program Forms and Agreed Upon Procedures.

Regulations

A definition of “Hiatus” has been added in order to limit the amount of time credits can be reserved for an approved applicant who has not yet completed principal photography. The provision states that a hiatus period may be no longer than 100 days.

In order to simplify the process for program participants, the Financing Sources Report has been incorporated into the Application Form and the Request for Tax Certificate Form and Employment Diversity Report have been incorporated into the Expenditure Summary Report.

In order to better prepare all CPAs who want to perform the Agreed Upon Procedures, the CFC has added a requirement that CPAs must attend an Orientation Meeting.

A requirement was added that applicants must provide documentation verifying that post sound work was performed in California if it is included as qualified spending.

The regulations previously only required an on screen acknowledgement for the California Film Commission. An acknowledgement to the State of California has been added.

Additional production statistical data requirements were added to the Application Form A, the Expenditure Summary Form F, and the Fiscal Year End Summary Form K.

Ms. Stone briefed the board on proposed changes to the Agreed Upon Procedures. The Agreed Upon Procedures lay out the specific procedures that all state registered CPAs must follow when verifying costs, payroll, program criteria and thresholds of approved applicants.

VI. APPROVAL OF PROPOSED REVISED REGULATIONS FOR FILM & TV TAX CREDIT PROGRAM - Mike Miller

Motion to approve the proposed revised regulations, forms and Agreed Upon Procedures for the Film & TV Tax Credit Program was made and unanimously approved.

VII. OPERATIONS REPORT - Jim Fitzpatrick

Deputy Director, Jim Fitzpatrick, reported on various film ordinances which have been reviewed since the last board meeting including: Cities of Signal Hill, Yountville, Corona, Folsom and Colusa County.

Mr. Fitzpatrick updated the board on changes to some of the Regional Film Partners including: Colusa County, Folsom, Mono County, and Fresno City.

The update on state properties included information on the Nelles Youth Correctional Facility which is in a lengthy escrow period and the courts, which are now permitted by the Administrative Office of the Courts.

Deputy State Fire Marshal Al Adams conducted a Fire Safety Training course in Nov. 2010 in San Francisco and another course is scheduled for April 4-6, 2011 in Long Beach.

Wendy Holt of the AMPTP was invited to brief the board on Los Angeles County Fire Safety Regulation 29 – use, construction, alteration and maintenance of permanent sets at studios. The regulation is being reviewed for proposed revisions.

Al Adams briefed the board on new Los Angeles County Fire permit fees.

VIII. NEW BUSINESS – Mike Miller

None

IX. PUBLIC COMMENT

Assemblymember Anthony Portantino, chair of the Select Committee on the Preservation of California's Entertainment Industry, offered his continued support to the CFC and Board and plans to meet with members of the entertainment industry on issues including the California Film & TV Tax Credit Program.

X. BOARD MEETING SCHEDULE FOR 2011

May 4, 2011 (tentative in Sacramento)

July 29, 2011

Nov. 4, 2011

XI. ADJOURNMENT – Mike Miller

The meeting was adjourned at 4:40 p.m.